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July 3, 2014

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Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Room TW-A325
Washington, DC 20554

**Re: Notice of Ex Parte Presentation
In the Matter of Connect America Fund
WC Docket No. 10-90, 12-58, 07-135, WT Docket No. 10-208, CC Docket No. 01-92**

Dear Ms. Dortch:

On July 1, 2014, the members and representatives of the New Mexico Exchange Carrier Group (NMECG) identified in the attachment to this ex parte met with Chairman Tom Wheeler and Geoffrey Blackwell, Chief and Irene Flannery, Deputy Chief of the Office of Native Affairs and Policy to discuss a number issues in connection with the Commission's adopted and proposed reforms of universal service support. Kevin Cummings, Bianca Ortiz-Wertheim, Emily Sharp, and Vivian Skrupskis of Senator Tom Udall's office, Thaddeus Lucero of the Mid-Region Council of Governments, Godfrey Enjady of Mescalero Apache Telecommunications Inc. and Leo Baca of CenturyLink also were in attendance. The meeting consisted of a discussion of the materials attached to this letter and, in particular, the importance of universal service funding to the companies serving rural New Mexico.

Pursuant to Section 1.1206 of the Commission's rules, a copy of this letter is being filed via ECFS. If you have any questions, please do not hesitate to contact the undersigned.

Sincerely,

/s/ Mary J. Sisak

cc: Chairman Tom Wheeler
Geoffrey Blackwell
Irene Flannery



**Attendees Meeting with FCC Chairman Wheeler
July 1, 2014**

**Federal Communications
Commission**

Tom Wheeler - FCC Chairman
Geoffrey C. Blackwell - Chief
Irene Flannery - Deputy Chief
Office of Native Affairs and Policy

Michael Leyba - Operations
Manager

Leaco Telephone Cooperative

Sid Applin - General Manager
Dale Snider - CFO

Senator Tom Udall Office

Kevin Cummings - Legislative
Assistant
Bianca Ortiz - Wertheim - State
Director
Emily Sharp - Special Staff
Appropriations Subcommittee
Vivian Skrupskis - Summer Intern

**Penasco Valley Telephone
Cooperative**

Glenn Lovelace - CEO
Kevin Bartley - CFO
Ian Burmana - Cost Manager

Mid-Region Council of Governments

Thaddeus Lucero
Director of Planning and General
Services

**Roosevelt County Rural Telephone
Cooperative**

Boyd Evans - Sales Manager
Leon Nall - Sales Manager

NMECG Members:

Baca Valley Telephone Company

Paul Briesch - General Manager

**Tularosa Basin Telephone
Company**

Josh Beug - General Manager

Dell City Telephone Cooperative

Denny Bergstrom - General
Manager

Valley Telephone Cooperative

Steve Metts - CEO General
Manager
Troy Judd - CFO

ENMR Plateau

Tom Phelps - General Manager

**Western New Mexico Telephone
Company**

John Francis - Executive VP
Strategic Planning and
Regulatory

**La Jicarita Rural Telephone
Cooperative**



Windstream Communications

Bill Garcia – Vice President
Regulatory Affairs

NMECG Staff

Charles M Ferrell
Executive Director
Sam Ray
Lobbyist

Non-NMECG Members

Mescalero Apache

Telecommunications Inc.

Godfrey Enjady – General Manager

CenturyLink

Leo Baca – NM Regulatory Manager



Questions for FCC Chairman Wheeler July 1, 2014

1. The FCC currently has a \$3,000 per-line cap on high-cost support. New Mexico has low population density and also has some of the most expensive operating costs due to harsh and mountainous terrain. These two factors contribute to many companies being over or near the cap.

Due to this cap, funding existing operations and repayment of loans associated with prior investments is already at risk. There is no business case to continue further investment in our network. This means that our networks may very well be at their peak capabilities.

- a) What does the FCC propose these companies do to meet the broadband requirements?
 - b) Will the FCC consider providing relief to some small rural carriers from the \$3,000 cap rule where the carriers have high costs per line due to the low number of available access lines in their service area?
2. USF is currently being calculated on voice lines instead of a broadband or connection based system. The cost to deliver broadband is comparable to our cost to deliver traditional voice service. Our customers are required to take voice lines or we do not receive recovery. If the FCC is going to require us to offer broadband with speed requirements, our funding should be based on broadband connections to the home or business.
 - a) When do you expect the FCC to act on providing support for stand-alone broadband service for rate-of-return carriers
 - b) How can CAF be structured (and should it be) to help reach more remote rural locations in states such as New Mexico where the cost per location can be \$2000-4,000 on average?



3. Many of our rural customers are facing a rate increase for local service, which will cause further erosion of our voice lines. Many rural service areas can't be reasonably compared with metropolitan areas. The local calling scope of many of our exchanges is very small. Many times if our residents call the pharmacy, doctor, or practically any business, they have to make a long distance call. In comparison if you live in a large metropolitan area, your dialing scope will encompass a much larger calling area and their residents can conduct normal business without incurring long distance charges.
 - a) Is the FCC taking this into consideration when establishing the urban rate floor?
4. The FCC's 7th CAF Report and Order and Further Notice of Proposed Rulemaking released on June 10, 2014 proposes 10 Mbps downstream and 1 Mbps *or greater* upstream. ADSL 2+ technology is not well suited for an upstream speed greater than 1 Mbps and increasing the speed requirements is going to require more investment.
 - a) What is the FCC's view as a viable upstream speed target?
 - b) What improvements do you expect in the business case to allow ROR carriers to make the investment necessary to meet this and other broadband mandates?
 - c) Will the USF Budget Cap {2017} be revisited in the light that 10/1 becomes the minimum broadband speed?
 - d) Wireless LTE may be a very cost effective way to provide broadband in the ILEC areas that do not provide broadband today. However, if the existing landline is retained for voice, this becomes a hybrid network and cannot be included in the rate base. What is the FCC's opinion on providing universal service support for this kind of hybrid network, or stand-alone broadband?



SOUTHWEST

REGIONAL FIBER NETWORK



